

6 December 1965

OKRO Project No. 00.4566

An Appraisal of the Bombing of North Vietnam

Effects on the DRV Economy

1. [] The US/GVN air strikes to date fall far short of crippling the North Vietnamese economy. But the sustained and increasing rate of attrition is causing the economy to develop a noticeable limp. Even with increasing assistance from other Communist countries, the adverse impact is now becoming more apparent in the economically important areas of the country. The extension of interdiction measures to lines of communication joining important industrial centers is compounding already aggravated distribution problems. []

[] Hanoi now admits publicly to a substantial upheaval of production plans in many industrial plants. Import and export programs are in disarray. The planned program under the First Five Year Plan (1961-1965) has undergone substantial rearrangement. [] the Second Five Year Plan scheduled to begin in January 1966 has been cancelled. The increasing rate of economic deterioration, however, still has not greatly reduced total economic activity. The primary strains continue to be in distribution, manpower resources, and management capabilities. In the face of all these difficulties priority traffic continues to move. The North Vietnamese military effort has not been held back and, indeed, has intensified in recent weeks. In summary, the air strikes have not yet halted, or even reduced, priority short-term support by the economy to North Vietnam's military efforts, but this support has been maintained only by transferring men and materials away from long-term activities and projects.

25X1

25X1

2. [REDACTED] The failure of the air attacks on economic targets to impair capabilities of the North Vietnamese armed forces reflects the little direct reliance they place on the domestic economy. The air strikes against overland transport facilities and routes in North Vietnam have hampered the movement of personnel, equipment, and supplies but have not prevented the North Vietnamese from providing and increasing their logistic support for the Communist forces in Laos and South Vietnam. The capacity of specific transport routes has been reduced by the bombings, but on most routes it is still in excess of the present level of logistic movements. The North Vietnamese have demonstrated a remarkable capability to keep supplies moving in spite of the air attacks. The various improvements and improvisations instituted by the Communists have increased their capability to move men and supplies into Laos and South Vietnam during the ~~dry~~ dry season. Even with an intensification of air attacks it is doubtful that the capacity of the overland transport system can be reduced below the level required to provide logistic support at the existing scale of combat in South Vietnam.

25X1

3. [REDACTED] The ability of the North Vietnamese to keep the economy moving on a makeshift basis, to maintain priority transportation movements, and to provide the support necessary for military operations, is in large part a result of increasing assistance from other Communist countries.

25X1

[REDACTED]
[REDACTED]
The amount

and scope of this support continued to grow in recent weeks.

25X1

25X1

4. Direct losses caused by damage to economic facilities and equipment are now estimated at \$ _____ million and measurable indirect losses amount to \$10 million. The cost of permanent reconstruction of rail/highway bridges would be about \$ _____ million, and the replacement or repair of destroyed or damaged transport equipment would cost an additional \$5.2 million. The cost of temporary repairs to bridges would be about \$ _____ million. Reconstruction of the damaged electric power plants, the petroleum storage facilities, and the Nam Dinh textile mill would cost about \$6 million. The loss of foreign exchange earnings still totals about \$6.5 million, having stayed at this level because of large increases in coal exports to Communist China. The growing losses from lower production throughout the economy can be quantified only in agriculture where losses in the fall rice crop may have amounted to about \$3.5 million. The measurable costs of reconstruction, replacement, and repair of damaged facilities, if attempted, would represent almost _____ percent of total gross annual investment in industry. The additional costs which North Vietnam is incurring for temporary expedients to compensate in part for the damaged facilities cannot be quantified at this time.

25X1

5. The most severe disruptions of economic activity in North Vietnam have been in the southern part of the country where the transportation system has been heavily bombed and electric power stations have been destroyed. Industry in this part of the country normally accounts for only about 20 percent of total gross industrial output, however, and consists mainly of textile production, food processing, lumber and paper production, chromite mining, and processing of crude phosphate fertilizers. Continued shortages of manpower and equipment in the areas directly affected by bombing have hampered reconstruction efforts and created severe hardships for local populations, but the primary rural nature of these regions has permitted continued functioning of the

subsistence economy.

25X1

6. [REDACTED] The disruptions caused by bombing are now being felt in the more economically important areas of the country where distribution problems have compounded difficulties resulting from the shortage of skilled manpower and from apparently insoluble managerial problems. In November, for the first time, the transportation system connecting North Vietnam's major industrial areas was attacked. Through rail service between Hanoi and Nam Dinh was interdicted by the destruction of the Phu Ly railroad bridge. A combination railroad and highway bridge serving the Hanoi-Haiphong railroad line and route 5 was also attacked. The damage to this bridge was light and by undertaking priority repair measures rail service on the line was quickly restored. Nevertheless, these air strikes undoubtedly further disrupted the flow of exports, imports, and goods for domestic use. According to the regional press, distribution problems resulting from damage to the transportation system have "turned upside down" production plans in many enterprises in Haiphong, where some plants have been substituting inferior materials for unavailable regular supplies. Essential materials and equipment can still be delivered to Haiphong by sea, however, and until 1 December other industrial centers could still receive supplies from China via the Hanoi - Dong Dang rail line where previous bomb damage was quickly repaired. On 1 December, however, the Cao Bang railroad bridge on the Hanoi - Dong Dang line was again attacked and several spans were dropped. Several weeks will be required to make temporary repairs to the bridge. In the meantime some cargo probably will be moved across the river by ferry. Some freight normally shipped by rail between China and North Vietnam probably was already being transferred to sea transportation before the 1 December strike.

This action was taken so that high priority items such as military supplies can be handled more easily by rail. Despite the increasing disruptions, work on major economic development projects of the First Five Year Plan (1961-65) is continuing and several new projects have been undertaken in the past few months. However, the Second Five Year Plan (1966-70) for economic development, which was scheduled to begin in January 1966, has reportedly been cancelled.

25X1

25X1

Approved For Release 2003/07/31 : CIA-RDP82S00205R000100080010-5

25X1

25X1

8. [] There have been no recent strikes or restrikes against bulk oil storage facilities or electric powerplants in North Vietnam. There are localized problems in petroleum distribution and storage, but there is no over-all petroleum shortage in the country. Bulk petroleum storage facilities have been reduced in capacity by about 17 percent. No action has been taken to rehabilitate any of these bombed POL storage facilities. However, there is some evidence that three bulk petroleum storage sites with a total capacity tentatively estimated to be about 25,000 tons have been under construction. The operational status of these three sites is not known. Recent photography discloses the existence of seven additional bulk petroleum storage sites distributed in an arc at distances of about 30 miles north of Hanoi. These sites include a total of about 300 semi-buried tanks (each about the size of an airport refueling tank truck), but represent total storage of only 2,200 tons. The size of the tanks and the number of sites suggest that this storage is intended to disperse petroleum supplies rather than provide for significant reserves. The reduction of total generating capacity by about 14 percent continues to cause relatively minor curtailment of mining and industrial operations and loss of power for irrigation systems. A continuing study of all available source material has disclosed no information concerning bomb damage to machine building plants or to non-food light industrial plants since 1 November. Priorities and alternate means of communication have been established in the telecommunications industry.

25X1

Approved For Release 2003/07/31 : CIA-RDP82S00205R000100080010-5

25X1

[REDACTED]
Approved For Release 2003/07/31 : CIA-RDP82S00205R000100080010-5

25X1

9. [REDACTED] There is no further evidence that the air strikes have aggravated the tight food situation in North Vietnam. The harvest promises at best to be mediocre, and in light of increased requirements because of the war, the tight food situation will continue. Labor shortages in the agricultural cooperatives continue to be aggravated because of the air strikes.

NY 7.

25X1

7. The Hanoi - Lao Cai railroad line reportedly was opened for through traffic early in December even though there were a series of strikes against this line at the end of November. Although photography is not available to assess the results of these strikes, damage must have been slight or negligible for the line to be opened so quickly. If the line remains open we would expect to see a resumption of apatite shipments moving to Haiphong for export. Practically no Chinese transit traffic to and from Yunnan has moved through North Vietnam since July.